

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott
Edward A. Garvey
Marshall Johnson
LeRoy Koppendrayer
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service from the Granada Exchange to the
Fairmont, East Chain, Northrop and Truman
Exchanges

ISSUE DATE: June 13, 2002

DOCKET NO. P-405, 529/CP-00-1604

ORDER SETTING EAS RATE ADDITIVES
AND REQUIRING POLLING

PROCEDURAL HISTORY

On November 27, 2000, telephone subscribers in the Granada exchange filed a petition seeking extended area service (EAS) to the Fairmont, East Chain, Northrop and Truman exchanges. Granada, the petitioning exchange, is served by Granada Telephone Company (Granada), while Fairmont, East Chain, Northrop and Truman exchanges are served by Frontier Communications of Minnesota (Frontier).

On September 28, 2001, the Commission issued its ORDER DENYING PETITION IN PART AND REQUIRING COST STUDIES AND PROPOSED RATES. In that Order, the Commission denied several routes petitioned by the subscribers. But the Commission found that the petition met the threshold requirements of adjacency and traffic volume for the following routes:

- # Granada to Fairmont,
- # Granada to the Fairmont/East Chain Local Calling Area (LCA),
- # Granada to the Fairmont/Northrop LCA, and
- # Granada to the Fairmont/Truman LCA

The Commission therefore directed the affected telephone companies to submit cost studies and proposed rates. The Commission would then poll Granada subscribers to determine if they wanted EAS at those rates.

On February 26, 2002, Frontier filed its cost studies and proposed rates.

On February 27, 2002, Granada filed its cost study and proposed rates.

On March 28, 2002, the Minnesota Department of Commerce (the Department) filed its comments.

FINDINGS AND CONCLUSIONS

I. The Legal Standard

Extended area service is a service arrangement permitting neighboring telephone exchanges to become a single local calling area with toll-free calling. The criteria for establishing EAS and the procedures for determining EAS costs were set by Commission Orders (the EAS Orders) following an industry-wide fact-finding and policymaking proceeding.¹ Briefly, these criteria and procedures are as follows.

- (1) A petitioning exchange must be adjacent to the exchange or local calling area to which it seeks EAS.
- (2) At least 50% of subscribers in the petitioning exchange must make at least three calls per month to the exchange or local calling area to which EAS is sought.
- (3) The companies serving the two exchanges or local calling areas must determine the cost of installing and operating the proposed EAS route, using Commission-approved costing methods, and file proposed rate additives to recover these costs.
- (4) The Commission must poll subscribers in the petitioning exchange on whether they want EAS at the rates adopted by the Commission.
- (5) If 50% of the subscribers responding to the poll vote yes, the EAS route must be installed.

In this case the Commission has determined that the petitioning exchange meets the threshold adjacency and traffic volume requirements. What remains is to determine the cost of the proposed routes, to set rates reflecting those costs, and to poll subscribers in the petitioning exchange.

II. Rates for the Petitioning Exchange

The Department concludes that the cost study and proposed EAS rates filed by Granada are in compliance with the various Commission directives. The Commission has also reviewed the cost studies and proposed EAS rates and finds them acceptable.

But the fact that Granada subscribers propose four EAS routes creates complexity. Granada calculated rate additives for each route on a stand-alone basis, as follows:

¹In the Matter of an Investigation into the Appropriate Local Calling Scope, in Accordance with Minn. Stat. 237.161 (1994), Docket No. P-999/CI-94-296, ORDER REACTIVATING THE PROCESSING OF EAS PETITIONS (October 24, 1995) and ORDER AFTER RECONSIDERATION (February 23, 1996).

EAS from Granada to Fairmont			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Monthly EAS Rate
Residence	\$0.365	\$9.003	\$9.368
Business	\$0.496	\$12.255	\$12.751
EAS from Granada to Fairmont/East Chain LCA			
Residence	\$0.365	\$10.381	\$10.746
Business	\$0.496	\$14.132	\$14.628
EAS from Granada to Fairmont/Northrop LCA			
Residence	\$0.365	\$9.398	\$9.763
Business	\$0.496	\$12.794	\$13.290
EAS from Granada to Fairmont/Truman LCA			
Residence	\$0.365	\$10.268	\$10.633
Business	\$0.496	\$14.977	\$14.473

This table indicates the price that a subscriber would pay for any route by itself. This information, while accurate, does not present the choices available to subscribers in the most useful fashion. In particular, this table does not let a subscriber know the rate impact of approving more than one route.

A more helpful way to presenting this cost information is as follows:

	Residence Base Rate	Business Base Rate
Base EAS Route	\$9.37	\$12.75
Incremental EAS Routes	Incremental Rate	Incremental Rate
Granada to Fairmont	\$0.00	\$0.00
Granada to Fairmont/East Chain	\$1.37	\$1.88
Granada to Fairmont/Northrop	\$0.39	\$0.54
Granada to Fairmont/Truman	\$1.26	\$1.72
Total Monthly Rate (if all 4 routes are adopted)	\$12.39	\$16.89

When the information is displayed in this fashion, the monthly EAS rate for any combination of routes can be determined by simply adding the relevant incremental rates to the base rate. For example, to determine the monthly cost to a residential customer of adopting an EAS route from Granada to Fairmont, Fairmont/Northrop and Fairmont/Truman, a subscriber need only add the residential base rate to the residential incremental rates of each route: \$ 9.37 + \$ 0.00 + \$ 0.39 + \$ 1.26 = \$ 11.02.

The Commission finds this manner of displaying the cost information more appropriate for balloting subscribers.

III. Rates for the Petitioned Exchanges

The Department concludes that the EAS rate additives filed by Frontier for the Fairmont exchange, Fairmont-East Chain LCA, Fairmont-Northrop LCA, and Fairmont-Truman LCA are in compliance with the various Commission directives. The Commission has also reviewed the cost studies and proposed EAS rates and finds them acceptable.

The EAS rate additives recommended by the Department for the Frontier exchanges are presented below:

EAS Rates for Fairmont			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Monthly EAS Rate
Residence	\$0.034	\$0.133	\$0.167
Business - One Party	\$0.077	\$0.030	\$0.377
Business - Key	\$0.086	\$0.331	\$0.417
Business - PBX	\$0.103	\$0.399	\$0.502
School - One Party	\$0.057	\$0.223	\$0.280
School - Key	\$0.064	\$0.246	\$0.310
School - PBX	\$0.077	\$0.298	\$0.375
Versaline - Monthly	\$0.086	\$0.331	\$0.417
Versaline- One Yr.	\$0.069	\$0.266	\$0.335
Versaline - Two Yr.	\$0.061	\$0.234	\$0.295
Versaline - Three Yr.	\$0.052	\$0.201	\$0.253

EAS Rates for Fairmont/East Chain Local Calling Area			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Monthly EAS Rate
Residence	\$0.034	\$0.150	\$0.184
Business - One Party	\$0.079	\$0.347	\$0.426
Business - Key	\$0.087	\$0.385	\$0.472
Business - PBX	\$0.105	\$0.464	\$0.569
School - One Party	\$0.059	\$0.259	\$0.318
School - Key	\$0.065	\$0.287	\$0.352
School - PBX	\$0.078	\$0.346	\$0.424
Versaline - Monthly	\$0.091	\$0.403	\$0.494
Versaline- One Yr.	\$0.066	\$0.294	\$0.360
Versaline - Two Yr.	\$0.061	\$0.234	\$0.295
Versaline - Three Yr.	\$0.052	\$0.201	\$0.253

EAS Rates for Fairmont/Northrop Local Calling Area			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Monthly EAS Rate
Residence	\$0.033	\$0.034	\$0.167
Business - One Party	\$0.077	\$0.310	\$0.387
Business - Key	\$0.085	\$0.344	\$0.429
Business - PBX	\$0.102	\$0.416	\$0.518
School - One Party	\$0.057	\$0.232	\$0.289
School - Key	\$0.064	\$0.257	\$0.321
School - PBX	\$0.076	\$0.310	\$0.386
Versaline - Monthly	\$0.086	\$0.351	\$0.437
Versaline- One Yr.	\$0.067	\$0.270	\$0.337
Versaline - Two Yr.	\$0.061	\$0.234	\$0.295
Versaline - Three Yr.	\$0.052	\$0.201	\$0.253

EAS Rates for Fairmont/Truman Local Calling Area			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Monthly EAS Rate
Residence	\$0.032	\$0.141	\$0.173
Business - One Party	\$0.075	\$0.326	\$0.401
Business - Key	\$0.083	\$0.361	\$0.444
Business - PBX	\$0.100	\$0.436	\$0.536
School - One Party	\$0.056	\$0.243	\$0.299
School - Key	\$0.062	\$0.270	\$0.332
School - PBX	\$0.063	\$0.276	\$0.339
Versaline - Monthly	\$0.083	\$0.365	\$0.448
Versaline- One Yr.	\$0.066	\$0.288	\$0.354
Versaline - Two Yr.	\$0.057	\$0.249	\$0.306
Versaline - Three Yr.	\$0.048	\$0.211	\$0.259

As with Granada, these rates are presented on a stand-alone basis. And, as with Granada, the Commission concludes that subscribers would benefit from seeing the information re-stated in terms of incremental additions, such as they are below:

EAS Rates for Frontier Exchanges					
	Base Rate	Incremental Rates			
Service		Fairmont	Fairmont/ East Chain	Fairmont/ Northrop	Fairmont/ Truman
Residence	\$0.17	\$0.00	\$0.01	\$0.00	\$0.01
Business - One Party	\$0.38	\$0.00	\$0.05	\$0.01	\$0.02
Business - Key	\$0.42	\$0.00	\$0.06	\$0.01	\$0.03
Business - PBX	\$0.50	\$0.00	\$0.07	\$0.02	\$0.03
School - One Party	\$0.28	\$0.00	\$0.04	\$0.01	\$0.02
School - Key	\$0.31	\$0.00	\$0.04	\$0.01	\$0.02
School - PBX	\$0.38	\$0.00	\$0.05	\$0.01	\$0.02
Versaline - Monthly	\$0.42	\$0.00	\$0.08	\$0.02	\$0.03
Versaline- One Yr.	\$0.34	\$0.00	\$0.03	\$0.00	\$0.02
Versaline - Two Yr.	\$0.30	\$0.00	\$0.00	\$0.00	\$0.01
Versaline - Three Yr.	\$0.25	\$0.00	\$0.00	\$0.00	\$0.01

The interpretation of these rates is analogous to the interpretation of Granada's rates. For example, if Granada subscribers approve EAS routes to the Fairmont/Truman LSA, residential subscribers in the Fairmont/Truman LSA area would pay the base rate adder of \$0.17 plus the incremental adder of \$0.01.

Again, the Commission finds this manner of displaying the cost information more appropriate for balloting subscribers.

IV. Commission Action

Accordingly the Commission will adopt the rates discussed above, and will impose other customary requirements as set forth in the Ordering Paragraphs.

ORDER

1. All subscribers in the Granada exchange shall be polled on whether they favor installing the EAS routes proposed at the rates approved herein, which are shown below:

	Residence Base Rate	Business Base Rate
Base EAS Route	\$9.37	\$12.75
Incremental EAS Routes	Incremental Rate	Incremental Rate
Granada to Fairmont	\$0.00	\$0.00
Granada to Fairmont/East Chain	\$1.37	\$1.88
Granada to Fairmont/Northrop	\$0.39	\$0.54
Granada to Fairmont/Truman	\$1.26	\$1.72
Total Monthly Rate (if all 4 routes are preferred)	\$12.39	\$16.89
<p>Note: The monthly EAS rate for any route, or combination of routes, can be determined by simply adding the relevant incremental rate(s) to the base rate of \$ 9.37 for residential service, or \$ 12.75 for business.</p> <p>Example: If the EAS to Fairmont, Fairmont/Northrop and Fairmont/Truman were adopted, the monthly residence rate would be \$ 9.37 + \$ 0.00 + \$ 0.39 + \$ 1.26 = \$ 11.02.</p>		

2. The EAS rate additives, as set forth below, for Fairmont, Fairmont/East Chain LCA, Fairmont/Northrop LCA and Fairmont/Truman LCA are hereby approved.

EAS Rates for Frontier Exchanges					
	Base Rate	Incremental Rates			
Service		Fairmont	Fairmont/ East Chain	Fairmont/ Northrop	Fairmont/ Truman
Residence	\$0.17	\$0.00	\$0.01	\$0.00	\$0.01
Business - One Party	\$0.38	\$0.00	\$0.05	\$0.01	\$0.02
Business - Key	\$0.42	\$0.00	\$0.06	\$0.01	\$0.03
Business - PBX	\$0.50	\$0.00	\$0.07	\$0.02	\$0.03
School - One Party	\$0.28	\$0.00	\$0.04	\$0.01	\$0.02
School - Key	\$0.31	\$0.00	\$0.04	\$0.01	\$0.02
School - PBX	\$0.38	\$0.00	\$0.05	\$0.01	\$0.02
Versaline - Monthly	\$0.42	\$0.00	\$0.08	\$0.02	\$0.03
Versaline- One Yr.	\$0.34	\$0.00	\$0.03	\$0.00	\$0.02
Versaline - Two Yr.	\$0.30	\$0.00	\$0.00	\$0.00	\$0.01
Versaline - Three Yr.	\$0.25	\$0.00	\$0.00	\$0.00	\$0.01

3. The affected telephone companies shall provide a single EAS number which reflects both the facilities cost and lost access and EAS revenues in customers' monthly bills, if the proposed EAS is implemented.
4. The balloting materials and the affected telephone companies' tariffs shall itemize EAS rate additives so as to indicate the portion of the EAS rate additive that recovers facilities cost and the portion that recovers lost access revenue and/or lost toll contribution.
5. The affected telephone companies shall provide cooperation and assistance to the Commission staff and Commission contractors during the polling process by providing usable, deliverable addresses for all access lines in a format and under time frames set by the Commission staff. In addition, the affected telephone companies shall provide proof of the accuracy of customer lists as requested by the Commission staff.

6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

This document can be made available in alternative formats (i.e., large print or audio tape) by calling (651) 297-4596 (voice), (651) 297-1200 (TTY), or 1-800-627-3529 (TTY relay service).